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**ENTREPRENEURIAL MARKETING AND REGULATION:
FINNISH SME DISTILLERIES AND BREWERIES**

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ABSTRACT

Entrepreneurial marketing has become a frequently discussed topic in the field of international business over the past 35 years. The notion of acting entrepreneurial in order to create value for consumers in unique ways is highly beneficial to the way SMEs are structured and resourced. There has been a calling for applying entrepreneurial marketing to new industries and unique environments in order to understand this phenomenon more clearly.

This study aims to add to the literature by studying entrepreneurial marketing in an international setting with home regulations as a potential influence as to how Finnish SMEs use entrepreneurial marketing. This study's main research question focuses on understanding the moderating effect of Finnish alcohol regulation on Finnish SMEs in terms of entrepreneurial marketing. The study focuses on Finnish Breweries and Distilleries which have a presence abroad in order to understand more clearly their international entrepreneurial marketing aspects in regards to the home regulation towards alcohol in Finland. This study was conducted using three case companies two of which are Finnish SMEs and one of which was a UK based brewery with a presence in Finland. Semi structured interviews were used for this qualitative study to give an insight into this topic by the founders and managers of the firms. Based on the literature a framework was developed to help to better explain and guide the research.

This study found that regulation does in fact have a moderating effect on SMEs based on this notion, but with both positive and negative moderation discovered. The alcohol regulation leads to both a hindrance of some entrepreneurial aspects as well as providing a bit of an innovative spark in some cases to firms existing in the regulatory environment. Customer orientation were key aspects to all firms in this study. It was found that the key orientations of the firms that continued to provide value in this regulatory atmosphere was the innovation aspect and the ability to be proactive in both the home and foreign markets to offset the moderation of the regulation.

KEYWORDS: Entrepreneurial Marketing, Entrepreneurial Orientation, Market Orientation, SMEs, Regulation

1. INTRODUCTION

The purpose of this study is to add to the available literature on entrepreneurial marketing (EM) and regulatory effect. This chapter introduces and provides the reader with a brief introduction to the topic as well as outlines the research questions and study objectives. At the end of this introduction chapter the structure of the paper will be outlined along with definitions for key terms used throughout the paper.

1.1 Topic Introduction

The need for entrepreneurial marketing in modern day marketing comes from the differences in how different size firms achieve marketing success. The average entrepreneur may have the capacity to use traditional marketing in their business, but lack the resources that larger firms may possess (Jones and Rowley, 2011a). This leaves the entrepreneur to turn to non-traditional methods to achieve marketing success. Although the underlying goal of marketing to create value for desired customers as well as to satisfy organizational goals (Morris, Schindehutte & LaForge, 2002) is the same whether you are big or small, it is the methods that differentiate EM from traditional marketing.

EM was initially developed out of interest of the interaction between entrepreneurship and marketing (Morris et al., 2002). This was the original construct to be put forth officially as a new proposition. Since then, the research in EM has seen success in the application of EM to SMEs (Mort, Liesch & Weerawardena, 2010), as these were the firms that have the right orientation for the use of EM. Originally seen as purely the interaction between entrepreneurship and marketing and where they intersect the research since then has taken many interesting developments as to the nature of EM and of the entrepreneur. Morrish, Miles & Deacon. (2010) however, state that EM is most

likely not just a subset of marketing but rather includes all aspects of traditional marketing but seen through an entrepreneurial lens. Meaning EM SME's still have similar goals to their large international counterparts, and their marketing plans contain similar elements. Meaning that marketing plans may start out as organically entrepreneurial, but as the business grows so do the marketing desires and choices of the firm as more resources become available. As with many young fields of study, the dissection of every element of interest is vital to the fields growth.

Traditional marketing seeks to provide a mix of the four marketing P's, Product, Price, Promotion and Place into a coherent blend that meets the target customer's expectations in a competitive offering (Morris et. al., 2002). Although this top down segmentation that is practiced by larger, resource laden companies continues to work economically, it still misses a big part of what it means to act entrepreneurially. The traditional usefulness of the four P's misses a big fundamental point of entrepreneurship, being able to adapt, be flexible, act innovatively and be responsive (Martin, 2009). This is because again, entrepreneurs are commonly not marketers by trade, rather masters at their own craft and thus, must take up marketing duties to drive their own firm. Thus this systematic approach of a top down filtering, does not work as it does with larger firms looking to whittle down a target market. Rather entrepreneurial firms must work from the bottom up, using resourcefulness, innovativeness, and networks to reach new, and existing customers to stay relevant (Morrish et al., 2010).

This paper discusses the possible differences between the EM marketing of SMEs based on moderation of the home regulatory environment. The interaction between EM aspects and the influence of the business regulation environment the firms operate in is very relevant to the current EM literature. The business environment can be unpredictable and in the business world, there can be many things effecting the effectiveness of a SME or internationalization effectiveness. Although true, that SME's tend not to dwell on a strategy set in stone, it is true that the SME does have a goals in mind from inception. In order to have

successful foreign marketing, or home country marketing, the EM capabilities must be adapted to the business environment in which it operates. For this research it refers to the alcohol regulation environment present in Finland.

Today, the field of EM research is a bit scattered as it gains attention and many researchers have bought into the construct as a viable field. Where as once it was brand new and thought of as purely the intersection of entrepreneurship and marketing (Morris et. al., 2002, Morrish et. al., 2010) research is advancing. Researchers are now looking into the interface of acting entrepreneurially rather than solely the intersection of the two fields (Hills and Hultman, 2011) thus creating discussion about entrepreneurship in different contexts. Such as Jones and Rowley's (2011a) research into the orientation of one's entrepreneurial activities to discover where the entrepreneur is spending their resources, whether it be to the market, to entrepreneurial actives or to innovativeness. Or whether it is the tactics entrepreneurs use that differ from the four P's traditional usage (Martin, 2009) and looking into the entrepreneur as to what they do which is entrepreneurial much rather than who they are (Stokes, 2000). Further research upon the use of EM in the context of international new ventures was researched by Hällback and Gabrielsson (2012) which further proves the breadth of applications that EM has.

This study contributes to the marketing literature by researching the marketing strategies of SME entrepreneurial firms and what impact the environmental constraints have on the strategy making. This research examined several small Finnish breweries and distilleries to gain a better insight on the Finnish alcohol production and regulation. Then it is examined what impact on international entrepreneurial marketing these regulatory aspects have on the firms' acknowledgement and execution.

1.2 Research Gap

As EM has gained traction within the research community, EM literature suggests that new ventures in the business world face very specific marketing challenges and unique problems. Marketing research usually does not only effect the few firms and companies occupying this marketing space within business. It tends to effect everyone as consumers, businesses and partners alike (Tadajewski and Jones, 2014).

As a research topic there are many relevant research gaps present in the current EM field. Morrish and Deacon (2011) propose that exploring the concept of EM in different contexts such as across industry sectors, size of businesses or the maturity of a business should be at the forefront of EM research. This need for exploration in different areas business and environment was as concurred by Jones and Rowley (2011a) and taken further stating that a need to look into different state environments as well as sectorial differences. Every business environment can be different and can hold different environmental obstacles in which the firm is able to find unique entrepreneurial solutions to. This research aims to add to the literature and provide more to the concept of EM by supplementing previous EM research and adding insight about one of the Finnish SME environments. Furthermore, the research addresses whether a strategic fit approach differs between Finnish EM SME firms in regards to international marketing strategy and how the home environment can impact strategies abroad.

To add to the literature available to EM researchers this study tries to fill a gap in the strategic fit and industry environment relationship. While EM use is multifaceted in the way it shows its self in different environments and SME settings, this research tries to fill the gap of what entrepreneurial tools are used in solving this relational problem. Gabrielsson and Hällback (2012) acknowledge in their paper on growth strategies in international new ventures that an investigation of marketing performance and how strategic fit affects the performance of EM in the small international firms.

Finally, this paper intends to tie strategic fit, Entrepreneurial Marketing into something as regulated as some industry environments are, as the Finnish alcohol producing environment is. This creates an interesting academic opportunity for research into how regulation and EM decisions interact both locally and internationally as the firm chooses its international strategy. The environment can restrict what options are available to the entrepreneur when deciding whether to expand abroad or stay in the home market. This creates a unique problem for the entrepreneur, and usually with unique problems comes unique, EM solutions. This is what we want to study.

The culmination of these three gaps in the current literature creates something that is complex but is also very unique in the EM literature. Research on this topic is important to the EM literature because of the agreed differences and opportunities in the EM field. The opportunity to clarify some of these differences will present a greater understanding of the field. The gaps present in the strategic fit of SME's and the EM activities in such restricted environments says that a unique research opportunity lies here.

1.3 Research Questions and Objectives

The goal and reason for this research is to describe more in depth the relationship in the planning and implementation of entrepreneurial marketing processes of SME's in the Finnish Alcohol producing industry. In addition, it seeks to add to this the element of environmental restriction to qualitatively analyze how the industry regulations actively changes the strategic decisions of the SME. It is safe to say that a resource restricted SME will change its strategy based on the severity and strictness of certain industry environments and depending on the home environment the willingness to move abroad to capture other markets with their product. As EM research is young, it is important to add different dimensions to current EM research in hopes to widen the breadth of EM research as we know it (Jones and Rowley, 2011a).

RQ1) How are the international marketing activities of the Entrepreneurial SME moderated by the home industry regulation?

These research questions guide the research into the effects of the environment as well as the alignment of entrepreneurial marketing activities to the strategies. In order to answer these questions thoroughly the aspects of EM, strategic orientation as well as strategic fit/contingency theory need to be studied, in the environmental context. The following research objectives serve to guide the research in order to develop concrete conclusions and completely answer the research questions.

- Investigate the relationship between IEM and the regulatory environment.
- Investigate the regulatory effects on IEO
- Investigate the regulatory effects on IMO
- Investigate the use of EM aspects as tools in a regulatory environment.

Yin (2003) highlights that while the research questions are what the researcher is interested in answering, the research objectives both offer an insight into what specifics about your research question is critical to investigate in order to answer the question. The objectives also work as a theoretical compass pointing the researcher to the critical points of examination in the literature (Yin, 2003).

1.4 Definition of Terms

The following terms are frequently used terms throughout the length of this research paper that appear several times. For the purposes of this research paper the following definitions have been given to the terms. Often times in research,

some terms have multiple meanings and uses, but for the purpose of this paper only the meanings outlined below are implied.

Entrepreneurial Marketing - In terms of marketing, Entrepreneurial Marketing is quite young, thus the definition is quite debated even today. There are definitions like Hills Hultman & Miles' (2008) that incorporate the American Marketing Associations marketing definition into the entrepreneurial processes. This differs from the definition that will be used in this research paper as the chosen definition for this research paper defines the phenomenon of EM entirely without defining the processes of marketing before hand. Morris et al.'s (2002) definition states that entrepreneurial marketing is "the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation".

Entrepreneur- The main actor in an entrepreneurial firm is the entrepreneur himself. Entrepreneurs are considered to be willing to take risks, to innovate and be proactive by using unique combinations of resources (Hultman, 1999). For the purposes of this paper the research will be based on the notion that the Entrepreneur is the element in the Entrepreneurial process in which is doing the actions or creating substance that is entrepreneurial.

Small and Medium Enterprises (SME) - Small and Medium Enterprises is a term used by scholars and Governments alike. This term SME was created to easily encompass all micro, small and medium sized companies which all vary in employees and turnover. The European Unions definition of an SME is as follows, "SME's are made up of enterprises that employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro" (EU commission, 2003).

1.5 Delimitations

Delimitations are those specific points in a study that define and describe the scope and usefulness of the study (Simon, 2011). We use these delimitations to narrow down the research topic and to make the investigatory subject more digestible and outline the applicable uses of the study. For this research the scope of the study is narrowed down first by the use of Finnish SME companies present in the micro/small brewery and distillery industry. The research excludes every other industry in the analysis and looks solely into the industry regulation problem within the Finnish alcohol production industry. While other industries may have an inherent problem with regulation within Finland this was out of the scope of the paper. The research focuses solely on this industry because of inherent time and resource restraints it would take to successfully complete an analysis and cross analyses between multiple industries within Finland, for the given topic it just was not possible. This paper also only looks into the regulations of the Finnish alcohol production industry in regards to its marketing regulations. Secondly this paper focuses on EM as a marketing tool and not the whole idea of EM as a field. The EM field although young, still has breadth. In order to cover the SME's and entrepreneur's decisions relating to other aspects such as innovation management, and decisions such as opportunity seeking, much more time and resources would be needed to complete this effectively. This is why this research is delineated to the use of EM in marketing practices within SME's. Although this would make a great topic for further research in EM and regulation. Finally, we further delineate our topic to the use of international companies with a market presence in Finland. This helps capture the differences in marketing between the Finnish market decision making within SME's, and the international decision making allowing the research to identify key aspects of EM marketing strategies. Finally, this paper contains only traditionally instituted SME entities. This excludes research including born global firms and globalizing internationals. With these delimitations we hope to provide a step in the right direction for the research looking for data within the scope of our objectives.

1.6 Structure of Research Paper

The structure of this research paper following this introduction consists of the subsequent sections. Literature review follows this section giving an oversight of the current state of the literature on EM, orientations in entrepreneurship and regulation. After the overview of the literature is an explanation of the methodologies used to both collect and analyze the data used in this research. A case company section is included after the methodologies in attempt to give an overview of the companies involved in this study and how they fit into the thesis topic. Lastly the data is analyzed and explained in relation to the research problem in the empirical section along with implications and suggestions concluding the empirical section. During the literature review section this paper also suggests a framework in which the research will follow in order to highlight the key area of this paper's focus. This framework will then be worked into the empirical section so that results can be synthesized. An analysis of the data will be discussed following the empirical data along with further research ideas. The references used and case company interview outline will be placed at the conclusion of this research paper. **Figure 1**, gives a graphical detail of how the research will progress.

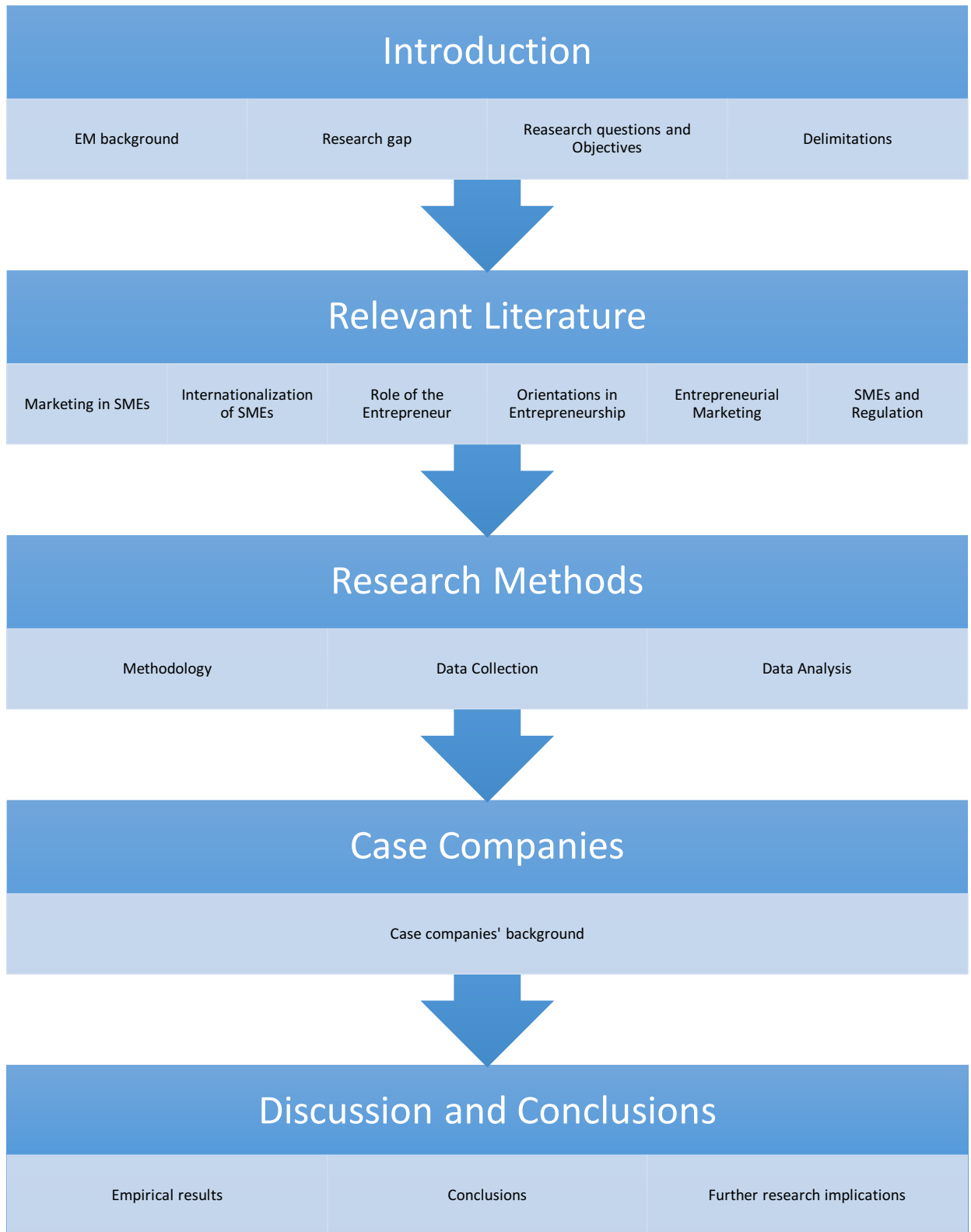


Figure 1. Order of Research

2. REVIEW OF RELEVANT LITERATURE

Marketing has undergone some extensive changes within the past century. With the inclusion of some psychology and revamped business practices. This section explains the literature that went into building the foundation for this research. The topics are all relevant in a way to the research question and the results of the study. Marketing in SMEs, entrepreneurs and Entrepreneurial marketing characteristics and definitions all are discussed. Finally, the topic of legislation and its impact is presented along with a brief framework used in this case study.

2.1 Marketing in SME's

SMEs play an ever increasing role in the global economy. It is estimated that SMEs account for 16% and 51% of GDP in low and high-income countries respectively, as well as 60% of global private sector employment (Ayyagari et al., 2003; Ayyagari et al., 2011). They facilitate job creation, are suppliers and service providers (Franco et al., 2014). The SME sector is a vital part of the world economy and thus the dissection and development of it is important as well. Marketing operations in SMEs vary greatly from that of a large multinational firm. To assume and apply a traditional marketing approach in an SMEs have largely been unsatisfactory (Franco et al., 2014). The marketing success of a SME tends to usually fall on the SME owner or manager, who is most likely a generalist rather than a marketing or management specialist (Jones and Rowley, 2011b). Martin (2009) points out that because of their lack of entrepreneurial knowledge small firms tend to rely on interactive marketing or networking to survive. The vocabulary and foundations of formal marketing are nonexistent in the SME owner. Carson, Cromie, McGowan & Hill (1995) state that SME marketing is thus inherently entrepreneurial marketing hence the fact that their approach was simple and more or less haphazard. **Table 1** highlights the differences in the traditional marketing approach as apposed to the EM or entrepreneurial approach to marketing. This approach to SME marketing has elements that speak to its small size, the influence of the entrepreneur, lack of

formal structures when it comes to marketing and lack of a coherent communication system all which make the SME act entrepreneurially. Carson et al. (1995) goes on to explain that this type of marketing is opportunistic and responsive to competition rather than ground breaking.

	Traditional Marketing	Entrepreneurial Marketing
Competitive advantage	Cost or Specialization	Cost <i>AND</i> specialization; using specific advantages marketing allowing the firm to save money and specialize their product i.e. when EM firms forgo traditional brick and mortar structure.
Segmentation	Segmentation by demographics, regional, psychographics and or behavioral segmentation. Top-down market segmentation.	EM firms tend to use a bottom up segmentation utilizing capabilities of the entrepreneur and their networks and customers to create a market segment where it hasn't existed previously.
Targeting	Mass, multi or single target to familiar and established consumers.	Targeting to unfamiliar and unknown targets to create new segments.
Positioning	Used against other traditional firms to find an advantage where others have positioned their brand poorly.	By creating a new market segment or product the EM firm can create their own position within a already existing segment. i.e. Tesla positioning fully electric super car on the market.
Product	Product as a solution to needs of consumers backed by market research.	The EM firm creates a product which at the same time creates a customer through the co-creation, service orientated idea. Case company creating periodical farmers markets for both customers and non-customers.
Price	Sets price on accounting models, sales volumes or market share objectives.	Set price based on a value proposition to the consumer or as a way to sell other products or an image. i.e. Case company using fairs, family nights to create an environment in line with their marketing model.
Place	Follow the competition and try to find a loophole.	Discover new opportunities and alternative channels.

Table. 1 Interpretation of TM strategy vs. EM strategy adapted from S.C. Morrish et. al's (2012).

SMEs also experience explicit barriers and a lack of resources in which they have to overcome in order to remain relevant. According to Hällback and Gabrielsson (2012) that SMEs face problems such as newness, small size, foreignness. While the limited resources and small size directly limits their capabilities newness and foreignness restricts their reach to other resources and networks ever strangling their marketing activities (Hällback and Gabrielsson, 2012). These restrictions or barriers lead the SME and the entrepreneur to discover new ways of marketing their product. Although these differences in marketing tactics and barriers separate SMEs from their big international counterparts there are some perceived advantages of being small that SMEs can use to create some value.

SMEs small size also does create a distinct advantage for SMEs in some cases. Franco et. Al (2004) highlight that SMEs lack clear organizational structures found in large firms that allows them to be flexible and allocate resources accordingly. If an Entrepreneur has a great marketing plan then resources can be put towards that or if the SME is experiencing marketing turbulence, then the structure allows for it to be malleable and survive. Another distinct advantage is the short decision making chain and customer quick customer response times. Although it is hard to say whether the negatives offset the positives in the blossoming SME there are a bit of both. Carson (1990) has stated that the most influential factor when it comes to the success of a SME is the commitment of the entrepreneur. This entrepreneur is present in all activities from day to day to large management decisions and that marketing is no exception to this notion. Gilmore (2011) clarifies that SMEs usually have very little to spend in the way of promotion and advertising thus word of mouth and networking become key to an SMEs promotion activities. Prioritizing of the positive nature and emphasizing customer interactions are seen as an offset to small sizing and limited resources.

Entrepreneurs sometimes have to rely on more basic forms of marketing as their toolsets may not be as big or developed of that of larger firms. This is why sometimes fitting a classical marketing model into the EM framework has

resulted in a confusion or a misrepresentation. Entrepreneurs tend to use relational methods and direct and interactive contact with their customers. They have a target market in mind and the only way to access this market is by direct contact. They seek to be the voice of their consumer through their marketing activities. This is such as the word-of-mouth marketing that is so commonly used (Stokes, 2000). This word of mouth marketing is based on gaining a consumer base solely on customer recommendations which can come from any piece along the supply chain. Although very low maintenance, word-of-mouth recommendations have both advantages for the EM firm and disadvantages. Reliance on customer and suppliers to lead the word-of-mouth contact is beneficial to the SME as it is virtually maintenance free and suits the resources that the small firm has (Stokes and Lomax, 2002) This also usually fits the SME's business strategy as word-of-mouth marketing allows the consumers to trickle in rather than all arrive at once and the SME is able to deal with the volume. As for the disadvantages Stokes and Lomax (2002) state that this word-of-mouth growth can only go so far in the development of an SME because of the limits of the networks within the entrepreneur's resources and community. Also word-of-mouth marketing can be quite slow and uncontrollable where the entrepreneur has very little influence in the quality of the recommendation outside of everyday operating activities. Sometimes seen as an absence or poor marketing practice, word-of-mouth marketing has been used by SME firms to successfully be a part of the entrepreneurs marketing strategy where Stokes (2000) proved that the marketing through only word-of-mouth was seen to increase customer repetition by 30 percent.

Networking has also become a staple in the SME and entrepreneur's arsenal of marketing tools. Networking uses the entrepreneur's peers, personal and business contacts to develop business ideas and gather information (Gilmore, 2011). The use of personal contacts and networks from inter firm networks and personal contact networks the entrepreneur is able to leverage a shortfall in their marketing activities, in which Jones and Rowley (2011b) state as essential to a firm's success. The use of networks provides many different access points and expands the resource pool for gaining competitive advantages and distinguishes

the slow and the fast growing SME (Jones and Rowley, 2011b). It was discovered that the most successful entrepreneurs at using innovation and marketing were likely to be better at the use of networking in the end. The use of networks allows the SME to enact a global alliance essentially and leverage resources on a global scale. O'Donnell (2014) concludes that it is not only the presence of a network that creates value for the entrepreneur but is only through the proactive utilization of the network, and resources that a positive outcome is seen. Networking for the SME grows as well with the business at all different stages of the firm's development and is a part of the entrepreneurs' everyday business. At development stages networking uses contacts from prior experiences and past industries to get established to set up business networks and establish trade networks (Gilmore, 2011). Networking incorporates all social processes that go beyond pure market trading relationships. The use of networking in SME's needs to go beyond the market interaction to see any value to the entrepreneur.

The use of e-technology in marketing of SMEs has become a very useful tool for the expanding SME. The use of the e-technology to market therefore is fairly new but is something that can potentially strengthen the relationship and efficient use of resources for the entrepreneur. E-technologies may be something as simple as a home webpage or can encompass the use of a variety of social media or email marketing. A web page for the EM firm allows the exchange of information from firm to consumer and allows the firm to outline a sort of environment where tradition, culture, quality and are a key channel for delivering information to the perceived target markets (Gurau and Duquesnois, 2011). Website pages and features on the page allow the customer to get a feel for the product that is to be produced and gives the consumer some feedback mechanism in which they can judge the product before stepping into the brick and mortar establishment. It provides the consumer with an information database where the format can be tailored to attract some of the desired customers based on the websites contents and as well as inform the consumer of happenings and strategies (Gurau and Duquesnois, 2011). E-marketing activities can provide the entrepreneur with a low cost solution to reach many consumers around the clock (Gilmore, 2011). It also allows the entrepreneur to lower cost in replace of traditional printed

materials as well as creating a professional image where a consumer can gather all required information. Although it may sometimes place stress on the entrepreneur as it is difficult to maintain and provide the consumer with relevant information on a constant basis without diligent upkeep (Gilmore et al., 2007). As small firms rely heavily on word-of-mouth reputation to add the use of e-technology it adds value to their product by offering easy to access information with flexibility and can even provide entrepreneurs with insight into competitors.

In summary, there are many aspects of being an SME that effect how the marketing is developed and executed. It is mainly structured after the decisions of the entrepreneur or the owner-manager as to which marketing mediums are pursued. It is helped on by lack of informal structure or frameworks and is merely carried out based on what capacities and environment shapes the SME actions. Although it is hindered by the lack of resources, foreignness, newness, and the general nature of a typical entrepreneur that is not marketing focused or learned in the ways of business literature.

2.2 Internationalization of SME's

Internationalization of a business is commonly known as doing business in a country or countries outside of the firm's home country. There are many internationalization paths for a firm looking to move abroad such as Dunning's eclectic paradigm, Uppsala model, resource based view, and network based theory (Peschken et al. 2015). Most of these paths are geared more toward the structured international approach that large international firms take and miss out on the opportunistic nature of internationalizing SMEs. Internationalization of SME's is one phenomenon which is becoming ever increasing in our globalizing world. SME's have taken to moving abroad for different reasons including home market saturation and opportunities abroad. As globalization reaches all corners of the world led to the dissolving safety of home markets for SMEs, a new interest of survival internationalization has emerged (Ferreira et al., 2013). The

internationalization process has mainly been studied in relation to large corporation's expansion as originally the small size of SME's was seen as a resource disadvantage (Musso and Francioni, 2014). Although this is true SMEs do have characteristics that benefit their decision to move abroad such as adaptability, niche markets and opportunity seeking (Ferreira et al., 2013). The selection of markets followed by the execution to successfully move abroad is one that is handed differently in the realm of SMEs. To determine how SMEs, handle market entry abroad it is crucial to first look at traditional entry modes of firms to get a better understanding in how SMEs operate differently.

There are entry modes of internationalization that are well known such as brownfield and greenfield acquisitions, exporting, licensing and franchising. As SMEs are resource restricted compared to their MNE counterparts this resource scarcity plays a huge role and limits the real opportunities of SMEs to acquire whole subsidiaries (Laufs and Schwens, 2014). This is because there is a huge resource commitment as well as high risk when starting with a low resource pool. Models such as the Uppsala model state that successful internationalization comes by analyzing certain parameters prior to moving abroad which determine the closeness of the home and host markets (Johanson and Vahlne, 2009). Parameters such as psychic distance, liability of foreignness, and market commitment. This model states that firms gain incremental learning and then increase their commitment in their close international markets first (Johanson and Vahlne, 1977). The problem is that SME's typically do not have these amounts of resources to analyze potential markets in a systematic way, and typically choose to engage in a more unstructured way of internationalization. There are also both equity and non equity forms of internationalization. Equity modes tend to be for the more established business of large firm entry modes such as mergers and acquisitions while SMEs with fewer experiences and resources turn to non equity modes of internationalization such as licensing and exporting (Nakos and Brouthers, 2002).

The entry mode choices of SME's typically rely on the attractiveness of the

potential host country typically noted by the size of the market typically due to offset home market competition and/or the entrepreneur's vision (Ferreira et al., 2013). Musso and Francioni (2014) find that as SME's look to move abroad is sometimes difficult in a systematic way. They find that due to a lack of capabilities and resources in SMEs it is hard to adopt any one methodology to successfully market abroad or it is hard to find the importance of such a structured strategic approach. Musso and Francioni (2014) also conclude that internationalization models that are adopted by small firms usually are not based on the basis of logic or rational choice but rather networks and learning. Typically, SMEs face a high sensitivity to challenges abroad despite having a risk orientation (Laufs and Schwens, 2014). This is because while the SME may be willing to take riskier decisions in their home country, it poses different challenges abroad. In this way SME firms are likely to take to using networking and facilitating a low risk exporting strategy when choosing to initially move outside of their home country. It has been found that SMEs tend not to follow a specific exporting or internationalization strategy but rather let the internationalization grow organically (Musso and Francioni, 2014). This means something as small as filling a one-time order outside of the home country could lead to a networking connection with either the direct customer or a supplier to encourage further resource allocation in this area and increase learning.

SME internationalization process has recently been seen as part of an entrepreneurial activity inherent in the SME (O'Cass and Weerawardena, 2009). The internationalization of a SME is most likely due to opportunities arising and the SME being change orientated, therefore wanting to seek opportunities elsewhere due to reasons in the owner/managers EO. One of the reasons we see exporting as a main form of internationalization strategy as a non-equity mode seen as easier and faster to enter into foreign markets as it offers lower levels of commitment and risk compared to the equity modes of internationalization. Theoretically, entrepreneurial SMEs at the beginning stages will tend pursue exporting as their main mode of internationalization (O'Cass and Weerawardena, 2009). A high investment risk and exposure to unneeded market commitment in SMES is likely to lead to exporting within the SME (Lu and

Beamish, 2001) and for this research exporting is the main form of internationalization studied.

The networks of an SME also have an inherent effect on the entry mode selection of the firm. Business network influences the SME's entry mode choice and it has been found that the network typically influences the first step abroad for an SME (Hilmersson and Jansson, 2011). For example, if an SME has a great business relationship with a supplier in Germany, then the market entry could be explained by networking and market entry for the SME may be into Germany as the supplier provides a security and familiarity with the market. This happens in a way that the SME's networks provide the SME with a local network position meaning that this reduces the foreignness of their country abroad, while also learning about counterparts in the environment intended to enter (Hilmersson and Jansson, 2011).

2.3 Role of the entrepreneur

Entrepreneurs act as a driving force in the global economic system and are the core strategy developers in the SME they are operating. They bring about change are seen to be the single most dynamic and ever changing force on the system, which drives economies to constantly be changing and adapting. The term "creative destruction" has been used in research to try to explain the continual shift from the equilibrium of an economy. This shift is brought about by entrepreneurs and their ideas and innovation (Morris et al., 2002; Schumpeter, 1950).

Although the impact of entrepreneurs and their ventures are felt by the ever increasing impact of the global economy it has been quite difficult for researchers to really pinpoint exactly the characteristics of the entrepreneur. There has been more focus in the entrepreneur as to what they do, rather than who they are (Stokes, 2000). It has been stated by Hultman (1999) that the entrepreneur is at

the core of the value creation for the firm, their intellectual, experience and risk taking abilities is the key to derive new combinations of resources and bring value to the consumer. The entrepreneur should impact the market by implementing new methods, new innovations into new markets, this forces a healthy dynamic onto the global economy. The role of the entrepreneur is yet another highly debated topic in the field of the entrepreneur. The question as to what defines the entrepreneur has created a division in the distinction between entrepreneur and managers of SMEs. The entrepreneur in terms of this research is the one who is doing the creation and innovation in this process and is interested in their investment and long-term growth (Franco et. al., 2014). Given the fact that in an SME, the entrepreneur inherently acts as the CEO, marketing head, financial head and so forth, the outcome of the decision making comes directly from the entrepreneur. Thus as Carson and Gilmore (2000) have shown that the marketing activities and all decision making competences must come from the characteristics of the founder-entrepreneur, rather than from a SME-manager.

There are still many dimensions to an entrepreneur that effect the way in which a SME is run. Some of the dimensions a successful entrepreneur should possess in their arsenal is experience, vision, innovation, creativeness, leadership, communication, judgment. These competencies all wrapped up in one person determines the success of the SME, with the most relevant being those that are connected to operation within that particular industry (Carson and Gilmore, 2000). As entrepreneurs are usually specialists at their chosen activity and generalists in terms of business competencies, capitalizing on the strong competencies and improving the weak ones while making few big mistakes is key. Carson and Gilmore (2000) also highlights that when competencies or experience cannot be had in a given amount of time or developed quickly through operation or learning through experience, that another suitable way is to fill staff through outside experts. It is folly to think that one entrepreneur should develop all relevant competencies while still trying to keep a firm afloat. Hiring from the outside professional world gives the entrepreneur new ideas and lowers the risk of failure.

Entrepreneurial experience is one of the aspects of an entrepreneur which prepares the firm for success. Experience influences the owner's attitude toward the marketing activities and determines the focus towards more opportunistic strategies and proactive activities (Franco et. al., 2014). This is because it is clear to the entrepreneur as to what has happened in the past with their success or failures. The Entrepreneur then has more knowledge about the industry, consumers, and business activities in which. This market function of knowledge and of the business environment are seen as characteristics of a successful entrepreneur (Littunen, 2000). It is noted by Gilmore (2011) that when it comes to previous industry knowledge that a lack of experience or knowledge in a particular sector may lead the entrepreneur to turn to the use of networks to clear up the unknown. As an entrepreneur does not have the most resources compared a large, it must leverage these networks even if they are competitors to avoid making mistakes. The entrepreneur is the orchestrator in effectively implementing the strategy in accordance with the resources and the situation of the current international or local business environment.

2.4 Orientations in Entrepreneurship

There is much to be said about an entrepreneur's process in decision making in a new firm or business. There is strong correlation to an entrepreneur's experience and education that decides to which direction the entrepreneur bases their decisions on. Different types of entrepreneurs try and justify their decisions based on the experience, education and religion they have as sort of a guiding light towards their risk taking, innovativeness and proactiveness (Altinay and Wang, 2011). One of the ways researchers try to categorize these orientations based on previous experience or education is a term called entrepreneurial orientation (EO). Lumpkin and Dess (1996) first proposed EO as certain activities that supported more entrepreneurial opportunities and linked them to performance measures. Partially embedded into EM itself, EO attempts to describe certain firm-level preferences and characteristics of the firm's product

offerings and relationships based on the inclination of the entrepreneur regarding innovation, risk taking and proactiveness (Altinay and Wang, 2011). Soininen et al. (2013) try to describe EO as certain firm level outcomes that are the direct result of an entrepreneur's or their top-level manager's preferences, beliefs and behaviors. This sort of orientation seeks to explain why does an entrepreneur do things the way they do and how can we explain these based on what we know in relation to their risk aversion, proactive attitude or willingness to innovate creatively. The first part, innovation refers to the creativity and experimentations that the entrepreneur takes part in by introducing new products and R&D in their given sector. Risk taking describes the willingness of the entrepreneur at the firm level to potentially go into the unknown headfirst and committing resources to uncertain projects or in uncertain environments (Soininen et. al., 2013). The final aspect of the orientation of the entrepreneur is their propensity to be proactive. This means that the entrepreneur is constantly seeking new opportunities and always looking forward into the innovation of new products and being ahead of the competition. Two more additional dimensions of EO were presented as relevant to EO by Lumpkin and Dess (1996) which were the competitiveness and autonomy. The competitive aggressiveness was used to reflect the firm's effort to attempt to outperform competitors. Autonomy was added as the firm's willingness and propensity to create and carry out effectively a plan all the way through to completion. As stated before these aspects of EO are mainly determined by the entrepreneur's skills, education, and beliefs. It has been found that studies have shown a positive relationship between the firm's performance and the EO of the firm's managers (Soininen et. al., 2012). Although all of these EO dimensions are typically very interconnected the degree of which the entrepreneur places importance on different dimensions varies greatly due to the environment, organization and cultural contexts of different people and cultures (Amin et. al., 2016).

In order to examine the values, beliefs and motivations of the entrepreneur that lead the entrepreneur to act in this sort of orientation a concentration on specific traits of the owner/manager were evaluated. This EO orientation has been proven by many separate sources that focusing on these orientations towards

innovativeness, proactiveness and taking on acceptable risk and specifically focusing efforts in these arenas for the entrepreneur will increase profitability and generating a positive return in both domestic and international environments (Swoboda and Olejnik, 2016). This means that the entrepreneur must be willing to take risks and move into opportunistic markets in the home market or abroad and constant scanning of the environment for potential openings (Amin et. al.,2016). As stated before, this may prove to be hard for some entrepreneurs as things such as risk taking propensity or belief systems are often times embedded within the entrepreneur's culture and thus is a natural barrier to EO. One example of this is an entrepreneur choosing not to invest into a company or opportunity because it is not aligned with the entrepreneur's religious beliefs.

In addition to this organic orientation of the entrepreneur's propensity towards risk taking, innovativeness and proactive behavior, another form of EO exists in the the form of International Entrepreneurial Orientation (IEO). This takes the aforementioned aspects of EO and applies them to international markets. IEO is characterized by a firm's innovativeness and proactiveness towards international markets (Swoboda & Olejnik, 2016). IEO essentially refers to the propensity of the top managers to take on risk, innovate and act proactively with the goal of the whole organization to have an international agenda (Covin and Miller, 2014).

A second orientation that an entrepreneur may take towards creating a successful business or venture is an orientation towards the market, namely market orientation (MO). This is seen as sometimes the capstone to the EM firm's activities. The effect of EO on a firm's performance has been proven to increase the firm's profitability and performance (Soininen et. al.,2012; Altinay and Wang, 2011; Amin et. al., 2016). This MO however is also seen as a glue or a binding agent that really compliments EO and therefore helps the firm to be stronger all around. In this way we can think of EO as the decision maker and innovative force that pushes the firm forward, but with no direction or focus for the firm to channel the innovativeness into the market you have great ideas and that is all

(Amin et. al., 2016). It is called the 'mediator' between EO and firm performance and manages the outcome of EO dimensions to successfully infiltrate the marketplace (Kwak, Jaju, Puzakova & Rocereto, 2013). It is agreed with in the marketing community that solely possessing and positive MO orientation in the firm is fundamental but is still not efficient enough to obtaining a high business performance (Kajalo and Lindblom, 2015)

The MO construct is defined as a set of activities, processes and behaviors derived from the implementation of the marketing concepts. Like EO, MO as well has three components, intelligence generation, intelligence dissemination and responsiveness (Amin et. al., 2016). These terms can sometimes be explained in terms such as customer orientation, competitor orientation, and inter-functional coordination (Kajalo and Lindblom, 2015). Intelligence generation involves gathering information on the firm's current and potential customers within the market. This is crucial to understanding and analyzing the customers needs and understanding who is in your market willing to buy your products or services. Intelligence Dissemination is concerned with the way and process in which market information in the firm is filtered and spread throughout the firm in a way that all components within the firm's decision makers are informed about the way the market behaves. The last component is responsiveness. The responsiveness component in MO is the way the firm takes action in relation to the market information in their possession, a firm can possess lots of market information on not only potential and current customers, but competitors, but unless it responds to this information then very little is actually accomplished (Kwak et al., 2013). As with EO there is logically a way to use MO not just in the home sector or market but also to expand internationally. International market orientation takes the MO aspects and applies to a firm and the extent that the firm is dependent on foreign markets for customers and dispersion. O'Connor et al. (2011) state that businesses with an IMO are better positioned to seek opportunities aggressively through innovation and market development. Abroad, the firm has a greater chance to learn and gather information on current and potential customers as well as disseminating this information better throughout the business areas, thus being more responsive in the new market and consequently more efficient in the home market due to learning and growth.

Hällback and Gabrielsson (2012) found that in relation to marketing strategies a higher proactive MO leads to higher innovations while a reactive approach to this increases adaptation to different customers in different countries. This combination between IEO and IMO gives the entrepreneur the tools to make the best possible combination of their ability and skills with the market gathering aspects to make the best informed decisions about the international or local market place with the given resources that the entrepreneur has. The relationship between aspects such as risk taking and responsiveness generally work together to form a relationship where one aspect benefits the other in a positive way.

2.5 Entrepreneurial Marketing

Emerging in the 1980's the construct of EM was brought about when researchers started to question, and thus, investigating the assumptions that entrepreneurs were using traditional marketing approaches in their marketing activities with a more limited resource pool (Chaudhury et. al., 2014). Entrepreneurial marketing originally surfaced a few decades ago in the research literature deriving from two distinct fields, marketing and entrepreneurship. It has evolved since then into a union of management researchers into something that captures something unique not explained by the once traditional techniques, especially in new and growing SMEs (Morrish and Deacon, 2011). Morris et al.'s (2002) work eventually conceptualized into a coherent construct years later, a workable definition of EM. Before this work EM was most frequently referred to as solely the marketing activities in which SMEs partake in and was not treated as a separate piece of marketing in itself (Morris et al., 2002). There are many accepted definitions by many authors in the field in attempt to pinpoint what exactly is EM, and how to accurately capture the essences of entrepreneurship in marketing. The early definition proposed in Morris et al.'s (2002) paper was the:

“the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation.”

Although since then, many definitions have arisen that try to explain exactly what captures EM the best. **Table 3** provides us in detail a few of the popular current definitions derived from literature to this day and how they are slightly vary. For the purposes of this paper we take a definition taken from Hills and Hultman's (2008) paper incorporating not only the original concept but synthesizing it with the American Marketing Association's definition of marketing:

"EM is a spirit, and orientation as well as a process of passionately pursuing opportunities and launching growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility."

Although, no matter the definition chosen to conceptualize EM it is clear that the critical elements of marketing and entrepreneurship are integrated to explain a proactive approach to marketing that is opportunity focused that firms employ to act entrepreneurially through risk taking, opportunity seeking and innovation. EM firms look to be proactive and innovative in their search to lead customers rather than being reactive, and tend to focus on creating niche markets (Morrish et al., 2010).

The complex interaction of the innovative ways SME's and entrepreneurs seek and attract new customers has been a key function in the entrepreneur's actions encompassing both innovation and creativity not only in the marketing activities but as well as in the entrepreneur's main activities (Jones and Rowley, 2011b). As more and more research is conducted EM is also gaining practical traction as well as in the research realm (Morrish et. al, 2010). P. Whalen et al. (2016) provides a comprehensive outline of common misconceptions in the EM field in **Table 2**.

<i>Entrepreneurial Marketing is NOT necessarily....</i>	<i>Entrepreneurial marketing IS....</i>
Early stage marketing/entrepreneurship	Marketing with focus on proactively creating and exploiting markets through innovation and innovative behavior at any business stage
High-tech marketing, data-mining, SME/Family owned/private business marketing	Complex use of different marketing techniques
Small budget marketing or its planning	Creative (nontraditional) marketing in any type of firm
Value creation only	Highly effectual in its implementation and driven by the key actors' entrepreneurial orientation
Focus on new product marketing	Focus on innovation and market creation

Table 2. P. Whalen et al.'s table of EM characteristics

EM to this day is most often adopted by SME's and other resource constrained entities because it effectively leverages the available abilities that a young or small firm may possess. Even though it is generally applied to SMEs, there is research that points to the use of EM that is strategically used in larger firms that competitively fosters and renews competitive advantage (Miles and Darroch, 2006). Another reason firms are adopting EM at a rapid rate is because of its

proactivity and innovativeness that goes along with EM it presents the opportunity to be able to lead your customers and drive market places rather than being reactive (Morrish et. al., 2010). Today, entrepreneurial marketing is seen as a way to integrate in an ever changing international environment, and effectively mixes many marketing practices developed within the past 30 years with the understanding of the international role (Fetahu et. al., 2014).

Authors	Definitions of EM
Kraus et. al, 2004	<i>“EM is a ... set of processes for creating, communicating and delivering value to customer and for managing customer relationships in ways that benefits the organizations that is characterized by innovativeness, risk-taking, proactiveness and may be performed without resources currently controlled.”</i>
Morris et. al., 2002	<i>“The proactive identification and exploitation of opportunities for acquiring and retaining profitable customer through innovative approaches to risk management, resource leveraging and value creation.”</i>
Stokes, 2000	<i>“...based around the behavioral dimensions of risk taking, innovation and proactive response.”</i>
Hills and Hultman, 2012	<i>“EM is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility”</i>
Morrish and Deacon (2010)	<i>“EM is fundamentally and opportunity driven and opportunity seeking way of thinking and acting... an approach to marketing that becomes more appropriate depending on the firms’ circumstances”</i>

Table 3. Highlighting the differences between recent definitions of EM.

The EM concept itself contains 7 dimensions of entrepreneurial marketing. These seven dimensions are proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity and value creation (Morris et al., 2002). These seven dimensions of EM are highly interdependent and one component may effect others. Morris et al. (2002) gives examples of the by explaining that through innovation in several markets that explore many market niches that a firm can actually reduce the risk taken on. Other interactions of this interdependency could show that risk taking and innovation work together with the opportunity aspect helping steer the entrepreneur in periods of change whether to act with high levels of opportunism or face the risk of missing a high value investment or opportunity (Morris et al., 2002).

The first of the dimensions proactiveness is concerned with acting now in support of future needs by anticipating new opportunities ahead of the competition, and eliminating aspects of the firm which are in decline or stale, and the entrepreneur attempts to lead the market and his competitors rather than following (Chaudhury et al., 2014). The second, calculated risk-taking involves the SME's resources and their allocation among the opportunities that arise. The entrepreneur can use this calculated risk-taking to lessen the firms resource dependency and susceptibility by the choice of markets and products it invests in (Morris et al., 2002). This spreads out the risk of the firm by a careful selection of opportunities that the firm wishes to pursue. The innovativeness component of this concept concerns itself with not only product innovation but process innovations as well. The innovativeness of the firm is interested in a inclination to interest itself with the creation of new products and processes (Chaudhury et al., 2014). This works well with new product innovation but also finding new and innovative ways to use existing resources in an innovative way and develop opportunities (Fiore et al., 2013). Opportunities regarding the EM firm are market imperfections or consumer perceptions that are regarded as unsatisfied. This opportunity dimension is a firm's capacity to utilize their resources regardless of its resource pool to recognize and pursue these opportunities (Chaudhury et al., 2014). The fifth element of EM involves the resource leveraging of the firm. It is the assertiveness of the firm to creating more with less resources. It is the concept

that is partly a condition of proactiveness in that EM firms attempt to accomplish more with less and that limited resources at any given time (Mort et al., 2008). Customer intensity is applied to the EM firms' ability to create a solid customer base and establishing strong relationships within that base. The firm should identify with the customer as should the customer to the firm (Morris et al., 2002). Apple Computer is a great example in this case of a strong identity with one another in regards to customer intensity. The ability of the firm to connect on more than one, on an emotional and practical levels to establish a desire for that product in the customer as well as increasing their perceived value of the product is key in customer intensity. The ability to pick the customer base and work bottom-up rather than top-down (Stokes, 2000) helps the EM firm to identify closely with the target group and to find out the needs of their consumer base and fill the value gap. The final of the seven dimensions is value creation, which is seen as a cornerstone to EM. The value creation component of EM involves adding value in any way possible within a marketing strategy as well as increasing the consumers' received value (Chaudhury et al., 2014). This is required for almost all transactions that the EM firm undertakes (Morris et al., 2002).

It is important to note that these 7 EM dimensions also derive from other entrepreneurial concepts and are conceptualized here by Morris et. al. (2002) as entrepreneurial marketing. The first four of these dimensions, risk-taking, innovativeness, opportunity focus, and proactiveness are embedded with in the work of entrepreneurial orientation of the firm. The customer intensity and value creation dimensions of EM are seen prevalent in the MO of the entrepreneur or firm. Finally, resource leveraging Morris et al. (2002) state that it is very emphasized in the current literature, and more and more showing itself in new ways. Some examples of this could be guerilla marketing and social media marketing as they are very resource efficient ways to conduct marketing in the firm. Another aspect of EM to note is that not all 7 dimensions are required to be in use by the entrepreneurial firm in order to be effective. EM presents the tools and it is up to the entrepreneur to decide how intense and in what order of combinations will the aspects be successful within the firms' environment and

market (Morris et al., 2002). **Figure 2** below outlines EM so that all pieces can be conceptualized.

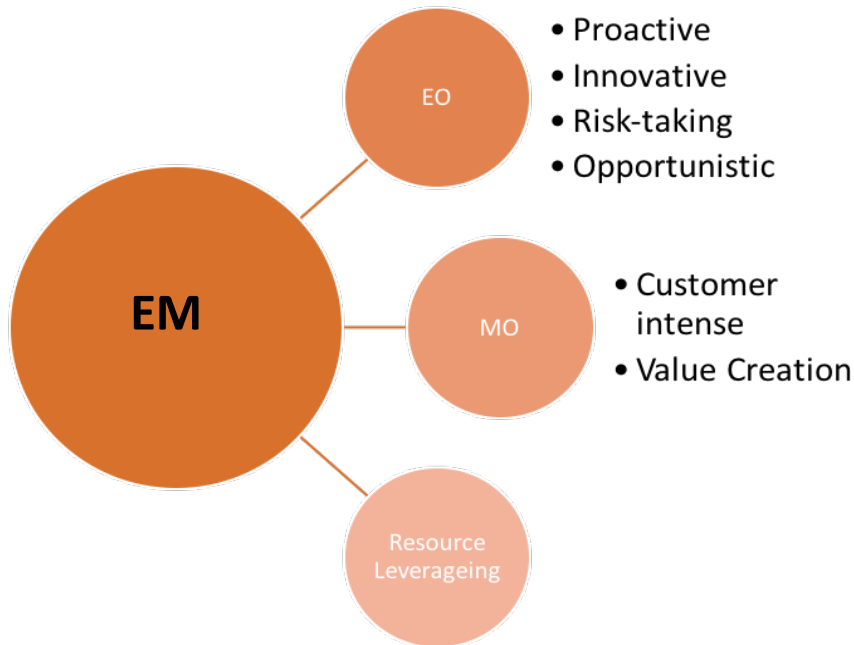


Figure 2. Entrepreneurial Marketing elements

International entrepreneurial marketing (IEM) is a topic that we see comes with different implications to strategy to the typical EM firm wanting to move abroad. IEM can have many different positions in the literature based on what the researcher is seeking to contextualize. For example, Hällback and Gabrielsson (2012) define that IEM in “relation to international new ventures considers IEM as the strategic choices concerning the innovativeness and adaptation of marketing to international markets”. In attempt to define IEM the IE definition can be looked and adapted to marketing practices to foster a suitable definition for this paper. McDougall and Oviatt (2000) define this IE as “a combination of innovating, proactive and risk seeker conduct that crosses local borders and tries

to create value in the organizations". This definition can then be adapted for this paper's purpose, with the addition of marketing elements. Therefore, this paper proposes that IEM in relation to our topic as the marketing innovativeness, proactive behavior, leverage marketing resources, and value creating attitude of the entrepreneur to in international environments. The combination of EM and international attitudes provides EM firms with an opportunity to be innovative and develop risk management contingencies when developing an international presence abroad.

2.6 Regulatory Environment

The need for regulation in countries large and small is undoubtedly necessary. Stakeholders, citizens, and business owners alike seek to give up a small bit of personal freedom in order for the government or overseeing organization make sure the society operates in the manner in which is expected of a society. This is how it has been and most likely always will be. With the use of regulation although comes the fear of unnecessary regulation, benign regulation or even overregulation which tends to harm businesses and citizens alike. The aim of this section is not to convince the reader of the pros and cons of regulation but to give a brief overview of some of the literature involving regulation and SMEs and their findings so that we can develop a framework as to how it impacts this research. There are many definitions of what people see as regulation. For the purpose of this paper, the Organization for Economic Co-operation and Development (OECD) proposes a definition in which will be applied to the term regulation for the use of this study.

"Regulation is broadly defined as imposition of rules by government, backed by the use of penalties that are intended specifically to modify the economic behaviour of individuals and firms in the private sector." (OECD, 1993)

It is generally accepted and proven that where there is regulation to be complied

with that operating costs rise and sometimes can even suffocate firms (Adomako and Danso, 2014). Whichever viewpoint one takes on regulation, it is in generally accepted that it is necessary to include regulation to provide a stable business environment and develop business trusts within a business ecosystem (Akinboade and Kinpack, 2012). Without regulation there would be a far off worse business environment and overuse and abuse of many aspects of business we take for granted in today's world.

There has been a long argument that aims to prove that heavy regulation is somewhat harmful to the SME and discourages business ownership and international market entry and downplays the importance of innovation and business growth. This in turn leads to a sub-par performance in the business environment from the SME community (Harris, 2002). Small firms feel the impact of regulation harder than a much larger MNE as they have different attributes that makes them run. SMEs tend to be more malleable to regulation shocks, miscalculations and uncertainties. Their need to flourish in the first 5 years may be stifled by regulatory burdens (Akinboade and Kinpack, 2012). Not to mention that the entrepreneur is sometimes not an expert at compliance procedures, and may not have the capacity or resources to employ a compliance department to see that it isn't struck by the regulation 'stick'. Another area to which regulation may hit SMEs to a greater extent is the entrepreneur's awareness of the legislations. Sjögren and Syrä (2015) state that the owner manager's awareness has proven to be limited. Without a proper understanding of all of the regulations the entrepreneur may not know if they are in full compliance or not. This is not to say that it is intended but is something that has found to be in the back of entrepreneur's minds. Some entrepreneurs seem to find that regulation has a large impact on their business but fail to specify which aspects. Therefore, it was found that there may be a gap between perceived regulation hindrance and real regulation interference (Edwards et al. 2004). One important aspect to mention is that that there is not a uniform effect for SMEs and regulation but a large portion depends on the entrepreneurs' willingness and ability to adapt in certain regulated environments. Another interesting aspect to analyze is that regulation in its general form is not a one size fits all program. It

effects some industries or businesses to a greater extent than others and of course varies over time.

There has been some debate as to whether regulation actually effects the SME but has been very elusive to prove. Akinboade and Kinfack (2012) discovered that that regulation hinders the creation and survival of SMEs. Also in Adomako and Danso's (2014) paper was mentioned that in less regulated countries more new firms tend to be started. This argument is countered by Sjögren and Syrjä's (2015) findings that regulation compliance is not too heavy of a burden in Finland despite being famous for its heavy regulation. Although interesting, these few researches into the regulatory influence on SMEs is based off the measure of SME business performance and not aspects such as compliance rate, innovation or international success. One main finding of Sjögren and Syrjä's (2015) research pointed out in their research was that SME's operation in the same regulatory context may have many different performance outcomes. This may conclude that other potential influences and not solely regulation but on the choices made by the owner-manager. Regulation exerts often a limited influence over the owner-manager's decision-making and if the entrepreneur adapts appropriately then it is likely to be subdued.

Our topic of discussion then turns to the aspect of the alcohol regulation in Finland. Many of the studies were completed with regulation involving labor and or financing of SMEs but few analyze impacts of specific legislation in public health such as alcohol regulation. The Finnish National Supervisory Authority for Welfare and Health, known as Valvira, is the governing body known for the supervision of alcohol sales and promotion both in Finland and the importation of alcohol in Finland. For the scope of this study although, the paper takes into considerations the scope of the advertising legislations and international transport of alcoholic legislations. Valvira states that in regards to advertising that, "Alcohol advertising is subject to legal restrictions designed to limit the adverse effect caused by alcohol." (Valvira, 2014). These advertising regulations often encumber SMEs by limiting the few options available to promote their

brand effectively. The legislation specifics will be gone through in thorough detail in the following chapters in relation to our findings. Based on this discussion it is clear that regulation whether alcohol focused or not has some effect on firms throughout the world. Although some finding may dispute the effect while others conclude that regulation is harmful (Akinboade and Kinfack, 2012; Sjögren and Syrjä, 2015) it is clear it does have effects on SME firms weather only perceived, real or through decision making.

Based on this, the research proposes a framework which is followed when examining closer the effects of regulation in IEM. The following framework in **Figure 3** proposes that with the combination of IEO and IMO the EM firm seeks to gain notability abroad and expand through different channels and to act internationally with EM. The home regulation of Finland acts as a moderator that changes the intensity of these choices of the SME and moderates the effect of the choices made based on the home legislations to alcohol. This moderating effect may impact the magnitude of the international decisions made by the firm. The framework looks at IEO and IMO as pieces of IEM and uses home regulation as a moderator to adjust the IEO and IMO aspects which in turn effects IEM. Many researchers research into the use of moderators to find out how a certain aspect in a field changes the behaviors of certain business aspects (Chen et al., 2015; Nandakumar et al., 2010).

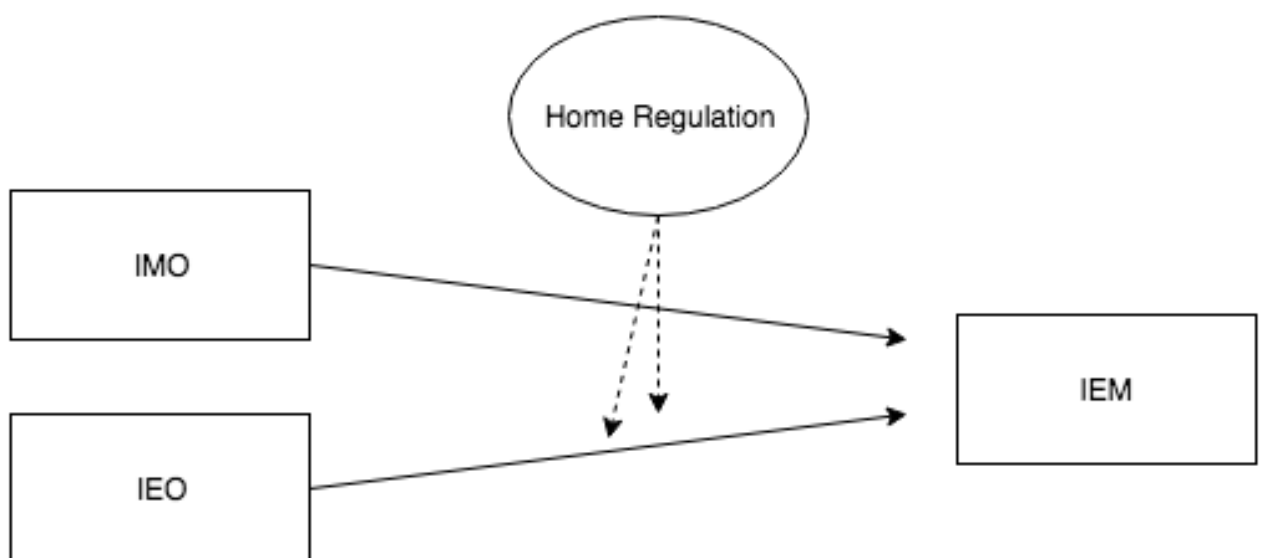


Figure 3. Proposed framework of Regulation as a moderator

3. METHODOLOGY AND DATA COLLECTION

This chapter explains the methodologies and research design taken to collect and extract accurate data used in this study. The choice for a qualitative and case study approach was chosen early in the study based on the study subject and the nature of the project being exploratory. The data collection was done through semi-structured interviewing as it was the most appropriate method to employ in order to gain valuable information from the firms but also gain insights on other spaces of interest which were not thought of by the researcher. A multiple case study was chosen so that many different views could be taken into consideration and adding to the replicability.

3.1 Research Methodology

Typical research methodologies used by marketing researchers can consist of mix of quantitative and qualitative approaches (Lehman et. al, 2014) but because of the nature of EM and it is the qualitative approach that is to be used for this research. Most qualitative research attempts to answer the 'how' or 'why' question, which leads the researcher to base their research on narratives when completing the research. The role of this narrative when doing research in is to let the narrative tell the story about the data in which the researcher is collecting, with the knowledge of theories in mind as to form a relationship between EM and the data collected (Hyde, 2000). The qualitative research method is preferred and employed by EM researchers in this field (Lehman et al, 2014; Chaudhury et al., 2014; Morrish and Deacon, 2011) prominent research method in discovering the drivers of EM. This is because EM is a highly contextual phenomenon learning more about the entrepreneur and their decision making in different situations is important to the field of EM as a whole. Qualitative methods then allow the research to go in depths into certain issues without being limited by a certain number of categories or data collection points (Hyde, 2000). The advantages of this methodology, is that it can provide the research with an insight as to what events are occurring in natural settings as to get in close with

the data and see how the real life as it happens (Guercini, 2014).

This research takes an inductive approach at looking at the data and forming conclusions from this. The inductive approach is a descriptive approach of explaining data, while guided by the literature to form conclusions that coincide with this. Inductive approaches are highly descriptive while using the theoretical frameworks to guide the research, and uses a summation of the research to explain the case peculiarities and its connection with new data (Levy, 2008). This is an important method to understand or extend a theory that relies heavily on context of the phenomenon.

A multiple case study approach was selected to help effectively explain and contribute to the EM literature under this context. The multiple case study approach was adopted and as Yin (2003) states that multiple cases is often more convincing and that the study overall in the end is seen as more robust. This is due to replication logic in that multiple experiments may concur your research question or hypothesis. This case study approach has been validated by many EM researchers as to explain a connection or phenomenon in which the investigator has little or no control (Yin, 2003; Morrish and Deacon, 2010). The pure essence of the case study is to then describe why a set of decisions were taken and leads to a certain result.

In order to assure that case study execution is carried out properly and to avoid haphazard execution or an injection of biased views into the finding the researcher will be using the framework by Birks et. al. (2007). This framework emphasized the interviewer's preparedness, cultural skills of the interviewer, and communication skills. The interviews were prepared before hand as to not be surprised during the research setting as well as having the capability as a researcher to accurately guide the interviews. It is also worthier to note that this research was undertaking with already an understanding of the Finnish regulations in mind as well as an understanding of the Finnish culture to an

extent. Finally following this framework, the research was done in a way in which communication was easy and free flowing but also allowing for the complete understanding of all topics so that the best data could be collected. This is difficult as the language of data collection was not the mother tongue of most interviewees therefore the questions were written to contain all aspects of the research and then if needed further explanation in the data collection phase it could be given.

3.2 Data Collection

As there are many different types of data collections methods to consider before harvesting the data the researcher has to think which ones best fit the information that they are attempting to access (Gopaldas, 2016). Among the many types of group discussion, face-to-face, focus groups and interviews through various medias, the interview process for this research was conducted via face-to-face interviewing both in person and with the aide of technology. Hyde (2000) states that in depth interviews and observation of documents is common practice for qualitative data collection. Face-to-face interviewing involves interviews of one to several hours of data collection depending on the depth and scope of the project. It is advantageous when investigating a relatively obscure subject to use face-to-face interviews as it creates a more personal connection with the interviewee and allows the interviewer to observe certain aspects about the case company, its surroundings, interviewees body motions and stature, as well as facial expressions and excitement, some of which are not able to be observed through other interviewing mediums. The data collection used for this study was the interviewing technique as the primary source of data collection. The interviews were conducted with a single interviewee at a time to keep the personal relationship in tact while conducting the interviews.

To begin collecting data initially emails were sent out to the entrepreneur by email discussing the possibility of using the case company as a potential candidate. The location was chosen by the interviewee and it was usually the

company office if not through a video application. It was briefly explained what the point of the interview was but the topic was deliberately left until the end of the interviews. It was explained that a semi-structured interview was intended to take place and that any additional information was welcomed from the interviewee. The data was always collected face to face, with secondary data and follow up information being collected via email, such as company history and time lines of product innovation and releases. Since this paper aims to describe how the entrepreneur's decisions are effected, and how the view of restriction is seen by the EM firm the data that was collected in a very holistic manner.

Along with data collected from the face-to-face interviews secondary data was also collected for this topic. Rowley (2002) states that case studies should always draw on multiple sources of evidence of interviews, direct observation, physical artifacts and participant observation as each source shows a new perspective and gives the data more breadth. In addition to the primary data, company tours were taken and many aspects of the firm were seen first hand. Additional secondary data was collected from informal visitations to the firm during operating hours as well as data collected from web pages of the case firms and examination of the firms' social media pages.

As there are several types of interviewing methods to consider when collecting data for research the best one has to be selected for the most efficient and transparent information. Interviewing can be broken up into structured, semi-structured and unstructured. These different levels of structuring determine the flow of information between the interviewer and respondent. For the purposes of this research the semi-structured method was chosen. Semi-structured interviewing discusses usually broad topics in a way that allows the interviewee to respond in a free flowing manner which facilitates the interviewee's thought process. It allows the respondent to develop ideas and add what is seen as relevant during the interview. The interviews taken consisted of a set of structured, open ended questions to guide the interview, and make sure the interview is hitting the data collection points. For this research 3 case companies were interviewed in this manner and 2 of the companies' interviewees involved

the CEO or the co-founder. The interviews were conducted in a formal environment either by an in person face to face interview or through a video application. The research relies heavily on narratives as the main source of data. As the qualitative data is the main source of information the thoughts of the entrepreneurs are telling the story how the processes of the entrepreneur work based on the given variables.

The interview questions were broken up into 4 separate areas of interest in regards to the research. The first set of questions pertained to the company and its history, development, employees and output. This gave the research a view on the companies that shaped the way the data looks and gives context to the availability of resources and marketing strategies. The second set was interested in collecting data from the marketing side of the firm's strategy at home and internationally. The third and fourth sections contained questions with regards the firm's strategy they employed, as well as their most valuable resources and risk tendencies. Finally, the last group of questions were interested with the legislation in Finland and how did effect the other 4 sections in relation to their marketing attempts.

Of the 3 companies selected for the study, we attempted to gather multiple perspectives on the issue of legislation and marketing. Gopaldas (2016) states that because qualitative research is based on theoretical goals, it is better to take multiple perspectives when collecting data as the topic is understood better from multiple perspectives. According to this we include 2 Finnish SMEs which have an international presence as well as including one foreign SME in which has a Finnish market presence. This gives the research a unique opportunity to look at the legislation and IEM competencies through the lens of both foreign and domestic SMEs and how the regulation effects their IEM in different ways.

3.3 Data Analysis

After the interviews were conducted, the data was then transcribed verbatim into a document to which the data could be analyzed and extracted. The analysis of data usually consists of 3 activities: reducing the data, displaying the data and developing conclusions. The data reduction includes selecting, simplifying and focusing the data which has been collected and transcribed. Reduction of the data sharpens and sorts the data so that the conclusions can be precise and clear. The data display aspect of conducting qualitative research involves organizing the data based on the reduction. This can be done through graphical interpretation or organizing certain groups based on the data reduced. In this research the data was organized by IEO, IEM, IMO and regulatory moderation. While this display is being formed conclusions start to form and is important to completely finish the data display and dissemination before coming to concrete conclusions. Finally, conclusions are developed and verified upon the final section of the data analysis and this provides the researcher with new interesting narratives (Miles and Huberman, 1994). This study uses a triangulation method in discovering the answers and peculiarities of the cases. Triangulation is the method of using different sources to corroborate the same results across instances (Rowley, 2002).

3.4 Reliability and Validity

The reliability and validity aspects of research are very important in determining whether the study was done reliably and with no biases and that the study is valid and is easily replicable. The reliability deals with accuracy in that the study was conducted in a manner in which measurements were taken with complete correctness. Validity, or most commonly known as external validity deals with knowing whether the study has findings that are generalizable beyond the case included in the study (Yin, 2003). For this study the interviews were taken in English and written in English so there is no case for misinterpretations of the data. Also to minimize the effect of biases, the thesis topic was not discussed at all prior to the completion of the interview in order to keep the interviewees biases at bay and not include them based on the topic.

As the scope of this study is already quite narrow, it is important to make the research as valid as possible in similar situations. This study was conducted using different entrepreneur's opinions and experiences as a narrative and because of this is very tough to prove that it is in fact pure truth in relation to science. Care was taken to make sure that the questions used in the interviewing process reflected topics of the research literature to ensure that this study could be conducted again in similar situations if desired.

4. CASE COMPANIES' BACKGROUND

This section aims to give the reader a general background of the case companies used to further this research in EM. This sort of background is useful in the research as it gives the reader a bird's eye view of the inter workings, beginnings and entrepreneurial background relevant to the research question at hand. **Table 4** includes aspects such as production, employees, founding date, and markets served.

4.1 Case Companies

BrewDog Brewery- Helsinki

Started in 2007 by two friends in the UK tired of industrially brewed beer this brewery started with the intent to get other people as excited in craft beer. After almost 7 years of growth and success all over the world BrewDog set up a subsidiary in Helsinki, Finland on December 17th, 2014. BrewDog has a line of edgy, strong and unique beers for the craft beer enthusiast. Today BrewDog is in over 10 different countries in the form of subsidiaries and supplies 65 styles of beer to all corners of the world. The focus of this thesis was the Helsinki branch as it has physical operations in Finland and has to deal with legislation and creation decisions within the boundaries in Finland. The Helsinki office has 7 people working to further BrewDog's reach and help educate people about real beer. The interviewee at BrewDog Helsinki was the general manager and local liaison for Finnish marketing of BrewDog. Craft beer in Finland has risen from just one percent of the Finnish beer market share to over three and half percent currently. BrewDog Helsinki is very different than other micro brewery pubs in the sense that they only offer craft beers where as some of the competitors in the market may offer the larger brand beers with an established market repertoire in order to lure people in, BrewDog offers only products craft, from coffee to beer to wine. Due to alcohol content above 4.6% one obstacle for BrewDog in Finland is the restriction to only sales in Alko, Finland's state run alcohol shop. With current legislation it is hard to sell craft beer in Finland, and abroad to places like

Sweden as the content of craft beers is often higher than that which is allowed in grocery stores. Although not a producer, BrewDog Helsinki offers a unique perspective of the autonomous foreign subsidiary which provides this thesis with a perspective from a foreign brewery which has to cope with Finnish alcohol legislation on a macro and micro level.

Helsinki Distilling Company

Determined to bring distilling back to Helsinki the Helsinki Distilling Company was founded in 2013 by 3 friends. Production started in late 2014 and in one year's time products were shipping. For the first year of production, the turnover was 200,000 euros and about 20,000 L of whiskey and gin combined. The product offering consists of a whiskey, gin, schnapps, an apple strong cider and a gin based long drink. The founders have a great understanding of the value of being transparent and openly shared information as it connects with people as customers, and to show that its not just a brand, but they have a hand made, crafted product. The company was founded under 3 people and currently have an additional 3 working. The company quickly realized the need to export to satisfy growing demand and small market expansion in Finland. HDC exports to the Nordics, Germany, Benelux, the U.K., France, Italy and Japan. The marketing style is one that is more on a personal level. The founders want to make something that is made with real ingredients, from Finland and to show the quality of what is inside the bottle counts. The interviewee in HDC was one of the co-founders and CEO.

Kryö Distillery

Located in Isokyrö in the western part of Finland this distillery mainly focuses on the production of gin and whiskey. Started by a group of friends who set out to make something they saw missing in the current Finnish market, a super premium spirit. Started in 2014 after jumping through resource hurdles in order to get started, the location of Isokyrö was decided on not because it was a booming metropolis, but because it was cheap, functional and the founders could

live off of a low income stream. Currently the distillery is producing about 40,000L of spirits per year, and is selling their products in over 20 countries including Singapore, Russia, and Argentina. Kyrö distillery currently captures about 11 percent of total gin sales in Finland where as in a given country the high end segment of distilled liquors is only 10 percent. In 2015, at the International Wine and Spirit Competition Isokyrö's Napue gin was used to win the worlds best gin and tonic. This was a huge step for the distillery as it granted the firm with a prestigious mark to put behind their name, and boost their credibility. The role of marketing in the distillery is seen as very important but they take a different style to marketing than some. The marketing is seen as an end product of showing their product through real eyes and real settings, this innovation is engrained in their strategy at home and abroad. The interviewee in this company was the marketing and branding director and also one of the 5 cofounders.

Company	Year Founded	Employees	Production	Markets served	Interviewee
<i>BrewDog-Helsinki</i>	2007 (parent); 2014 (Helsinki)	7 currently in Helsinki	134,000 Hectoliters (worldwide)	11 (incl. Brazil, Japan, U.S. and Europe)	General Manager/Marketing
<i>Helsinki Distilling Company</i>	2013	5-6	~25,000L / year	10 (Japan, U.K., Benelux)	Co-founder/CEO
<i>Kyrö Distillery</i>	2014	5 (all cofounders)	~40,000L/ year	20+ (incl. Singapore, Russia, Argentina)	Marketing and Branding Manager/Co- founder

Table 4. Overview of companies included in the study

5. EMPIRICAL RESULTS

This penultimate section of the thesis concentrates on the qualitative results of the thesis based on the data from the interviews as guided by the literature. This section follows the framework highlighted earlier in **Figure 3**. The empirical results in this section start by highlighting the IEO and IMO of the case firms giving examples from the cases in a quotation based format. Following this, is the empirical results of home market regulation as a moderator and how it impacts these two orientations and ultimately the IEM of a firm.

5.1 IEO and IMO

As the concept of IEO bases its orientations around values such as risk-taking, innovativeness and proactiveness (Lumpkin and Dess, 1996). The data were structured in a way to get insight into how the case companies achieved some these orientations to some degree. During the interviews topics of risk and innovation within the company were brought up to get the entrepreneurs insight into these topics regarding their internationality and firm. As Lumpkin and Dess (1996) mention that innovation is not a static being within a company and that the degree can change, but the basic idea is that in which the firm is willing to depart from practices currently used. It was found at Kyrö Distillery the degree of innovation to be quite high and that they were employing techniques internationally that are not always seen. As this statement shows, that the distillery really uses a relational and innovative way of first educating their bartenders in order to reach new people:

"[...] if you educate a consumer they may affect 3-6 people in a way that changes behavior, if a bartender really believes in you and your product, that can effect 100's of people because they are the ones that are meeting the consumers when they are drinking. We rely on heavily educating the bartenders, we have a school called Kyrö Academy, which is a year long program, which includes 4 trainings. We invite the bartenders to come see how the product is made, then we spend a part of the program on brand ambassadorship, then we have a portion where we end up making their own gin, which

is pretty cool for a bartender, it really helps them to understand how gin is made and what makes a good gin."

Another way a firm can act with an IEO is by being proactive and risk-taking towards international activities is not by moving to markets in which are closest to you socially and geographically as Johanson and Vahlne (1997) suggest, but by marketing to an area in which you are completely unknown to test the waters, legislatively and market wise. Helsinki Distillery Company intentionally markets in Japan because of the strict legal barriers. Proactiveness refers to the anticipation and action on future needs (Lumpkin and Dess, 1996). This is an example of a highly proactive activity as the CEO states that if you can make it in Japan you can market anywhere in the world with no trouble as the standards are met, and makes marketing and international business operations less painful in the end:

"[...] and that's one thing we strived in the beginning is to export to Japan, because that is the standard. If you can meet Japanese standards, then everywhere else is a possibility and you will have no trouble in meeting other standards. Sure it makes it harder when you are first start, but in the long run it makes life easier."

Also this is an explicit example of risk-taking ability as the company stated that it was from the start of conception was to meet this Japanese certification. This is not always easy when aspects need to be changed constantly to raise the bar from the beginning. It is surely a huge risk for a resource constrained company outright, but when successful as the entrepreneur states, it paves the road for an easier future in other countries.

Examples of IMO in our case firms was also demonstrated to a high degree. The research data showed that all of the firms were involved heavily in especially the first part of IMO, which is customer intensity, or customer orientation. As this aspect deals with knowing your customer and satisfying their needs and knowing what and how they want it to create a market orientated product and marketing plan around this. One way the companies successfully achieved this was by building their brand around something that is highly regarded in the

world of super premium spirits and craft beers, which is authenticity, transparency and real products coming from not just a firm, but the people behind that product.

“Now I think that one of the tenets with this company is that there are no secrets. So we try to show people what we’re doing that turn the water in products and that’s kind of the idea to bring back products coming from real people as opposed to a big market. So there’s no secrets there [...] When people buy something they’re not just buying a bottle of booze, they’re buying a gin that has some kind of story behind it which is a logical story with some connection to Helsinki and to all of the markets built on that premise.”

“We are pretty transparent on how we do things, who are the people behind the product and the company, that helps us sort of connect with the consumer and transfer the values we have into the product and onto the consumer and bartenders [...] Now I think the overall branding is something that we have really succeeded in. When people see our marketing material or bottles, all of the sudden instantly started to affect the people. It is memorable and people sort of relate and connect with, which is sort of marketing that is making that brand available, down to earth, or attainable.”

This is something seen on a more personal level at our case companies. They see a type of person they want to connect with, and whether by strategy or just out of a pure product the firms successfully connect with their target market based on the values they portray company wide and throughout their product. This is a coherent strategy that bounds across national borders as well. They want to relate their customers on a personal base that tells a story through their product.

“And sometimes when the market we don’t we don’t tell them about any products. We just tell them about a cool drawing that we saw. OK. So that’s a way to get followers if you have some interesting just something to connect with someone and then you say oh we also have beer. And I think we have gotten really good on being friends to our customers on social media. That’s that’s a very poignant thing in our perspective. So you have to know your customer base so you know what they want and how to reach them. And social media is perfect for determining who you want to get.”

The ability to know your customer base pays in both the home market as well as when exporting or moving abroad. The companies were able to leverage their knowledge of their customers to select importers who typically have the same market as the firm is trying to capture in the home market.

“We have a premium strategy, which means we work with specialized importers, and they usually work with other premium products, and they know the bars that are sort of considered the best in the cities. We try to get into the shelves of those and maybe into the cocktail lists.”

It is shown here that the case companies act in a sense with high entrepreneurial marketing tendencies. In our results it was found that all 3 companies interviewed exhibited many attributes over many instances of proactiveness, risk-taking, customer orientation, innovation and value creation towards consumers. The most consistent evidence was that of the customer orientation as all 3 companies highlighted that aspect as being the most important in their firm for marketing strategy. Being consumer orientated and fully relating to and catering to crosses national borders and can be employed in any marketing strategy after it has been implemented. The other side of this is knowing how to innovate and knowing how to articulate to your consumers why your product is a perfect fit for their tastes. This is seen in the innovation of the international academy at Kyrö Distillery, a successful case of innovation to educate consumers. A consumer may enjoy high quality gin with a story but without the marketing of their story and the product behind that, it may never happen.

5.2 Moderator effect of Regulation

Having looked at the data in favor of IEO and IMO activities present in the case companies the research turns to the moderating effect regulation has on the firms IEO and IMO, and how it essentially impacts the IEM of the firms. As this section was one of the main highlights of the study many of the interview questions were directed towards this topic and many interesting and surprising data points were collected in this area.

To discover the impact of the moderation regulation has on our case firms, it is first described what the alcohol legislation says about the advertising of alcohol in Finland. It is noteworthy to include that most of the alcohol regulations proposed by Valvira, the overseeing organization who decides regulation of alcoholic products, are quite logical and necessary to keep society healthy and disturbance free society. Statutes such as not serving alcohol to people who are overly intoxicated, or inserting alcohol ads into kid's TV programs. Other legislations pointed out in the Alcohol act published in 1994, updated 28.2.2014/152 seem to moderate the capabilities of our case firms in respect to the strong alcohol over 22%.

"The Alcohol Act prohibits advertising, indirect advertising and other sales promotion of strong alcoholic beverages exceeding 22% alcohol by volume, except in certain separately provided for circumstances, such as in premises where strong alcoholic beverages are served or retailed." (Valvira, 2014)

This statute proposes a problem for our case firms which produce mainly whiskies and gins as these products have an alcohol content above the threshold. This paper finds that this is one of the most important aspects to IEM as a whole because it restricts the firm's opportunity orientation, innovation, proactiveness and value creation towards marketing within the distilleries. This is because there is limited use of marketing material within Finland to be created and used, therefore the knowledge how to use it properly abroad is hindered. The data from the companies conclude that it is hard in the business world to be proactive and opportunistic when aspects of your marketing are strictly forbidden. This is caused mainly as it creates a multi-level playing field where Finnish bred companies are forbidden to advertise but other nationality brands are able to get their market strategy out to the world quite easily.

"If you take an example the Irish whiskey company selling products in Finland, you know they don't have their web services in Finland. Their information is easily accessible to anybody in Finland, but a Finnish company trying to market their Finnish Whiskey here in Finland is at a distinct disadvantage because it is illegal for them to do that. I think the

alcohol regulations of course there's a lot of thought gone into and some of them are probably more politically motivated than actually making sense in today's digital world. Yeah well I think they generally say here is that we would like to see just the level playing field. Let us compete in the same way that foreign companies are allowed to compete for customers."

This quote is important to the research because it highlights that Finnish companies are at a disadvantage not only in their home country participating in market share but also on an international scale as well. Most countries have a global marketing strategy that are able to adapt on different levels. Our data shows that because it is illegal to market any alcohol over 22% here, that innovation and proactiveness are moderated highly by this regulation as there is no international marketing strategy immediately prepared, as one is not needed in the home country to certain extents.

"And in a sense it is a disadvantage when we go abroad, because we live in another universe compared to most of our markets, which sort of doesn't help us to be in touch with the overall marketing in general. [...] We definitely should be able to show our products, its silly and gives advantages to other producers, international brands. There is no such thing as Finnish internet and its silly to build walls there. We should be able to sell product from the distillery. That's a huge disadvantage to craft distilleries compared to New York or Germany. When you start up, you basically can make a living selling directly from the distillery and that's fantastic. On the other hand, we didn't have that opportunity, it was sort of make it or break it. We had to go big or we wouldn't have made it past a couple of years."

The marketing strategies that are allowed for anything over 22% in Finland are those channels which are deemed international, where the language is English and the target market is international. This area is where the case firms can use their IEM capabilities unhindered. One very surprising data point discovered during this study was that Kyrö Distillery found that some of the marketing regulation barring alcohol promotion on the web was beneficial in the beginning, helping create a customer orientated profile to connect with a customer orientated product.

“For example in our Facebook page, if your language settings are in Finnish then you wouldn’t see any bottles posted by us. It definitely has sort of effected our marketing, but I think the effect might of been beneficial. A lot the of brands are posting 90 percent of posts in social media are of their bottles, and for us its not the case, its always people. There might be some bottles somewhere in the background but its never in focus.”

There are also another set of regulations in regard to alcohols that are marketed that are under the 22% threshold. This pertains to mainly breweries and products that have a lower alcohol content. These legislations are in the same prohibitory way, but are lessened. With the alcohols produced over 22%, there is a strict no advertising in any media barring, but with alcohols that contain less than 22% as wines, beers, and long drinks and ciders we have a different legislation. These advertisements are not permitted in areas that are public, they may be advertised on the television but only after 10 p.m., must be in good taste and must not directly attempt to seduce younger people.

“The advertising, indirect advertising and other sales promotion of mild alcoholic beverages containing a maximum of 22% alcohol by volume is, as a rule, permitted but it is subject to certain restrictions laid out in the Alcohol Act. For example, advertising must not be carried out in a public place, be targeted at minors or be contrary to good manners.” (Valvira, 2014)

This study has found that it effects the ability to change consumers tastes and it effects that IMO aspect of the firm. It was commented by the case firms that consumers’ tastes combined with the strict home regulations makes it hard to be proactively geared to show people the quality products coming from Finland or from abroad into Finland. This certainly effects the opportunity to change preferences towards their products and market them effectively both above and below the 22% alcohol content threshold. The inability to utilize their resources in a way to market their products and change consumer preferences makes it an uphill battle abroad.

“On the other hand, its always been sort of suppressed by some sort of rules. How strong the beer can be and et cetera. But none the less people don't know today what beer actually is even, they know that there are the larger breweries. They don't know what makes an IPA an IPA or a Lager a Lager [...] Product wise it's that social media is actually only market on social media. I mean we don't buy radio. We don't do radio ads or TV or even magazines or newspapers our only option is social media.”

I think that marketing part of our operation is the most import part of our product mainly because we have a product that isn't familiar to finns [...] Internationally, it is kind of a similar story. Rye whiskey, well Finnish whiskey is hardly a thing outside of Finland and barely known even inside of Finland, which means that we have to make it into a thing through marketing. Which means telling people about our product when we are not even allowed to tell our own people about the product”

One other very interesting find discovered through this study was another positive outcome due to regulation and its effects on the innovativeness and the IEM of the company. The research showed that because of the regulation in place on beverages above 22% alcohol by volume, one case firm was able to be proactive and innovate effectively and develop a solution by subduing one regulatory barrier and abiding by a lesser restrictive barrier to market effectively in Finland. Thus increasing their market exposure abroad, while increasing their marketing experience as a whole.

“Well we are where we really want to make a healthy long term decision, based on a long drink. One reason to that is because we can, It's it's mostly true. The other reason is I think in our marketing our company can use that product. So we cannot use our Helsinki dry gin for marketing purposes here in Finland but the laws when it comes to marketing less strong alcohol are little bit more laxed as well. So it should be a marketable product to people really to get our name noticed. That was like the marketing side of things this is impacting very precisely or directly on product development.”

This case firm saw the opportunity to practice the marketing side of things at home and leveraged their resources and acted proactively to create a product based on their gin, that was able to see marketing promise in Finland, thus

allowing marketing opportunities abroad as well in the form of marketing material, social media posts and website adjustments. Their thinking was that if we make a product marketable that everyone loves, then people are more inclined to seek other products produced by the same firm. This decision was highly aggressive IEM orientated, and the entrepreneur saw an opportunity to turn regulation into innovation.

Among all of the data collected and analyzed regarding IEM, IEO, IMO and regulation it was found that regulation absolutely acted as a moderator in the effect of marketing effectiveness in the case firms. Some good examples of negative moderation but also some surprisingly positives aspects in forms of opportunity orientation, and innovation developed from this moderator effect. It is important for the firms to adapt and stay relevant in all markets in order to see their product and firm mature in a changing era.

6. DISCUSSION AND CONCLUSION

For this final section of the research the final conclusions based on the data collected and analyzed are given. The results are gone into in a broader detail and explained how this may impact the field or firms. Managerial implications are gone through in order to help the reader understand how this may be used to help real world situations facing similar conditions. Finally, the suggestions for further research on this topic are given.

6.1 Discussion of results

This research was conducted in order to gain insight on EM and regulation and to gain a better understanding of the research question, *how are the international marketing activities of the Entrepreneurial SME moderated by the home industry regulation?* To answer this question a framework was developed to guide the research in finding out exactly what moderating effect the home regulation has on the IEM of a firm. Our answer to this question was both positive and negative moderation occurred. Negative in the sense that the legislation hindered parts of the firms IEO and IMO towards an IEM orientation abroad, while positive sometimes amplified these aspects.

The results of this research led to many interesting conclusions on the nature of EM in a restricted legal environment. One aspect of this that was found in all 3 of the case companies was the availability and usability of marketing material found necessary or used. Because of this the firms used almost exclusively social media as way of not promoting their product directly but building a brand with the intent to connect with the consumer on a personal level more than on a product level. The firms also keep their websites solely in English. This works for the firm on two levels, one being that it creates an international orientation to their marketing as anyone from around the world can view their site and products as well as getting around the legislations on alcohol marketing. If the website or social media posts would have been in Finnish or Swedish then the marketing material shown could not have shown bottles or product in any way, but because of the use of the English language the firms are able to be

internationally orientated and get around the alcohol regulation in this way. In this same form though the firms are not able to have highly adaptable materials able to use abroad in their marketing efforts. The firms tended to use the expertise of their importers as a crutch in order to adapt their marketing to the tastes of the host market.

The regulation as a moderator plays an important role in the firms' desire to create a compelling connection with the customers based on stories of the people, raw materials and story telling. This study found that although these are aspects of the case firms that were intended on from the start, as the legislation did not allow marketing of products, the story became the highlight of the company in really building up the brand as a marketable product face.

One of the surprising findings were that of the positive impacts of the regulation on innovation, proactiveness and their entrepreneurial marketing abroad. It was found that regulation as a moderator does not always moderate negatively the effect of the IEO and IMO impacts on IEM, but sometimes can impact positively in the form of increasing the innovation and proactive orientations. We found this is positive moderation in a case where the regulation and the innovation orientation of the firm led them to innovate a new product in which was marketable. Of course, it can be argued that without the regulation maybe many more product innovations could be achievable, this should be taken into consideration as well.

The moderation was found to not always be in scale with the home operation but also reliant on having skilled importers in the supply chain. As found with one case the ability to build up the brand in the home country, and through selection of the correct partners abroad who can execute the same brand image and customer orientation internationally.

This paper also concludes that IEO seemed to be the more moderated aspect of the two and that it influenced IEM activities a bit more strongly than IMO. On the IEO aspect we had risk-taking, proactiveness and innovation. These three aspects were fundamental to the firms' ability act entrepreneurially abroad. The

IMO impact on IEM was mainly concerned with the ability to create superior value than the competitors while connecting with the customers on a personal level. While these are important aspects to IEM the firms placed a bit more stress on being able to be proactive and innovative on a global scale in order to capture international markets. We see this in the case of Helsinki Distillery Company proactively exporting to Japan. The IEM of the firms changed based on their ability to effectively innovate, take risks and be proactively on a greater scale than their ability to create a customer orientated narrative to connect with the consumers. This paper believes this is because the customer orientation aspects is inherent to the firms from the inception of the firm, therefore no adjustments needed to take place due to the moderation effect in order to execute this aspect of IMO.

6.2 Managerial implications

The moderation of the regulation on the firms EM activities is something that can not be controlled on a firm level and thus the managerial implications of this study are taken from the outcomes of this relationship. As discussed in previous sections one of the most important orientations to the IEM relationship to regulation is to be constantly scanning the environment for opportunities and ways to innovate. The innovation in both marketing and products can lead to new opportunities to exploit in further ventures. The need to appeal to many different tastes while keeping the customer orientation is key to the credibility of the firms in different environments, especially with a high MO and value creation attitude.

In order to stay relevant to the international markets in relation with the home regulation the firm has to adopt a high IEO. Aspects such as risk-taking, proactiveness and innovation define the companies in international environments. It is important for the CEOs, co-founders and market related heads to understand that different markets require different resource allocation when innovation is concerned. It was expressed the unfamiliarity of the Finnish

spirit products and in order to retain the narrative centric story ingrained in the firms marketing, education of the customers and suppliers needs to stay relevant.

6.3 Limitations to the Research

As with every study, this one comes with certain limitations regarding the process and execution. The generalizability to other market environments may be quite low as all market regulatory environments vary in a multitude of ways. The research aimed to give insight on the way home environment of regulation in Finland worked and spark interested in other markets home regulation.

The number of case companies was also relatively low. To further this topic, it would be important to capture a larger portion of the SME market and include other regulations such as serving and production alcohol regulation and how it may effect the marketing decisions made in the companies. Another limitation that was noted is that culture of the entrepreneur plays a big part in the ideas and decisions the firms make, and thus should be noted that results should be noted in this cultural context. In addition to culture, different experience levels and attitudes are reflected in different firms therefore leading to different ideas and results. This poses a limitation as we may see a difference in strategy based on this rather than what we assume to be regulation moderation. Finally, the study is limited by the interviewee's thoughts on regulation as a whole. Therefore, if the firms' interviewee is biased towards a certain type of regulation it may reflect on the results in this way and must be taken into consideration.

It also should be noted that since conducting this study, announcements for changes in the Alcohol act have been announced. Although these changes may have effected some of the data collected, the data was collected before the announcement of the changes thus, these changes were not included or reflected in the results.

6.4 Suggestion for further research

This study fills a research gap in the call for EM and its use in different cultures, and environments. As with most research, more gaps usually appear at the conclusion of the research area that add more value to the research area. One aspect that could be added to this research topic is the examination of the host environment regulations that moderate the IEO and IMO of the firm internationally. This can be used with the same framework in this study but in supplement the addition of the host environment regulation moderation may be added to further examine the effect of moderation.

Another aspect that could be studied is the effect of contingency theory on the firms marketing strategy. The aspect of contingency theory, or best fit strategies have been used in a similar context so the use of this theory in examining regulation and how to best fit the firm's strategy to marketing would be a highly interesting topic to explore. This topic could also be examined using other country's markets in relation to the Finnish market or in terms of cultural areas would be an interesting area of research.

Finally, it would be highly interesting to understand the effect of regulation in different industries with different levels of regulation within the EM contexts. Different industries offer an additional insight into the role of regulation and the effect it may have on the EM activities of the firm. With enough research on the different types of industries and different magnitudes of regulation in a country one then could compare the effects of moderation throughout a wide area of results bringing further depth into the subject.

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APPENDICES

APPENDIX 1. VALVIRA'S ALCOHOL ACT

Advertising and pricing (30.5.2008/372) Advertising

Section 33

Regulation of advertising (28.2.2014/152)

12

It is prohibited to advertise, indirectly advertise or otherwise promote the sales of strong alcoholic beverages.

Advertising, indirect advertising and other sales promotion of mild alcoholic beverages and beverages containing at least 1.2 percentage by volume of ethyl alcohol, other sales promotion of such alcoholic beverages aimed at consumers and linking it to advertising or sales promotion of another product or service is prohibited if:

- 1) it is aimed at minors or other persons to whom according to section 16 no alcoholic beverages may be sold, or if such persons are depicted in it;
- 2) consumption of alcohol is there linked to driving a vehicle;
- 3) the alcohol content of an alcoholic beverage is there emphasized as a positive quality;
- 4) an abundant consumption of alcohol is described there in positive terms, or temperance or moderate consumption of alcohol in negative terms;
- 5) it gives an idea that alcohol increases the functional capacity or makes one socially or sexually more successful;
- 6) it gives an idea that alcohol has medical or therapeutic properties or that it refreshes, calms or is a means to settle conflicts;
- 7) it is contrary to good manners, it uses methods that are inappropriate from the viewpoint of the consumer or otherwise gives untruthful or misleading information about alcohol, its use, effects or other properties;
- 8) it is carried out in television and radio operations in accordance with the Act on Radio and Television Operations (744/1998) between 7 and 21 o'clock, or in accordance with the Act on Audiovisual Programmes (710/2011) in connection with public presentation of an audiovisual programme allowed to persons under 18 years of age in a cinema;

9) it is carried out or aimed at the general public in public places referred to in the Public Order Act (612/2003);

10) participation by consumers in a game, lottery or competition is used there; and

11) the commercial operator carrying it out uses in the information network service administered by the operator verbal or audiovisual content produced by consumers or delivers verbal or audiovisual content produced by the operator or consumers through the service for distribution by consumers.

As indirect advertising shall be considered in particular promotion of the sales of beverages and alcoholic beverages referred to in paragraphs 1 and 2 in connection with that of another commodity so that as the distinctive mark of the other product is used, as such or modified so that it can be identified, such a distinctive mark that has been established for the beverage or alcoholic beverage referred to in paragraph 1 or 2, or so that it otherwise conveys the image of a certain beverage or alcoholic beverage referred to in paragraph 1 or 2.

Without prejudice to the provisions of paragraph 1, it is allowed to advertise, indirectly advertise or promote the sales of strong alcoholic beverages following the restrictions laid down in paragraph 2:

- 1) on premises where alcoholic beverages are produced or retailed and on licensed premises;
- 2) in a printed retail price list or a retail price list presented in an information network so that all beverages available to consumers are presented in a uniform manner; and
- 3) to those involved in the sales of alcoholic beverages, but not in an information network open to consumers.

Paragraph 4 entered into force on 1 April 2014.

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Without prejudice to what is laid down in paragraph 2 (9) it is allowed to advertise, indirectly advertise or otherwise promote the sales of mild alcoholic beverages and beverages containing at least 1.2 percentage by volume ethyl alcohol following the restrictions laid down in paragraph 2:

- 1) at public events referred to in the Assembly Act (530/1999) and in places used for that purpose on a permanent basis;
- 2) on board vessels used for international traffic;

- 3) on retail sale premises and licensed premises; and
- 4) outside of retail sale premises and licensed premises in respect of information on the availability and prices of beverages.

The provisions of paragraphs 1–3 shall not apply to the publication and programme operations referred to in the Act on the Exercise of Freedom of Expression in Mass Media (460/2003) that an operator that is not established in Finland carries out abroad and that is intended to be available only elsewhere than Finland or have the same content irrespective of the country of the recipient. The provisions are however applied to such advertising of alcoholic beverages placed on the market in Finland that is carried out from abroad and that is intended to be made available in particular in Finland.

APPENDIX 2. INTERVIEW QUESTIONS

CASE COMPANY QUESTIONNAIRE GUIDELINE

Firm Information

- How do you view the customer in your value chain?
- What sort of resources do you currently own that help to create value?
- How often do you find yourself looking for more options or products?

Marketing

- What is the importance of marketing in the company? In terms of local and international.
- The core elements of your marketing marketing?
- How much of the marketing is planned before executed?
- What is the firm's inclination to seek opportunities?
- How does the firm aim to find new markets before others?

Resources

- What are the most important resources of the company?
- Are there resources that limit marketing planning and implementation?
- The most important value company provides to its customers?

Legislation and Strategy

- How do you feel the presence of regulation? Does it effect everyday life?
Local and international
- What is your international marketing strategy?
- Does legislation on certain aspects change your decision making towards product marketing or product offering abroad?
- Is there any difference in decision making between the different offices / distilleries?
- How / does has the choices have to be adapted into different business atmospheres?
- Are there specific statues that effect the way your marketing is planned or implemented?